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SUBJECT: CIVIL NUCLEAR TRADE INITIATIVE -- RESPONSES TO  
QUESTIONS

REF: SECSTATE 127423

11. Below please find Post responses to reftel questions.

Overview of Civil Nuclear Power Program  
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12. Lithuania plans to build a replacement nuclear power plant (NPP), known as Visaginas, for the currently operating Ignalina Nuclear Power Plant (INPP) in partnership with Estonia, Latvia, and Poland. Visaginas, named after the town nearby, will have a capacity of up to 3400 MW. Individual reactors will not exceed 1300 MW. The currently operating INPP, a Soviet era Chernobyl-style RBMK reactor is due to shut down on December 31, 2009.

13. The underlying motivation for the construction of Visaginas is energy security via diversification. Lithuania presently receives about 70 percent of its electrical energy (approximately 30 percent of its overall energy mix) from the INPP. Once the INPP closes, Lithuania will rely either on imported electricity or on natural gas fired plants. The source of most imported electricity and all natural gas for the foreseeable future is Russia.

14. Financing for Visaginas has not yet been decided by LEO LT, the government controlled national energy holding company responsible for the design and construction of Visaginas. LEO officials tell us they would like to hear from U.S. operators regarding the financing options they are considering for new NPPs and about Ex/Im Bank programs for which an NPP is eligible. Post feels LEO would benefit from more information on the nuclear infrastructure development programs discussed in paragraph 5 of reftel.

15. The key nuclear decision making government bodies and top officials are:

- Gytis Maksimovas, Head, State Nuclear Power Safety Inspectorate (VATESI)
- Gintautas Mazeika, CEO, Chairman of the Management Board, LEO LT
- Darius Montvila, Strategic Project Director, Management Board Member, LEO LT
- Marius Grinevicius, General Director, Visagino Atomine Elecktrine (VAE)
- Romas Svedas, Director of Economic Security Policy Department, MFA
- Arvydas Sekmokas, nominated to become Minister of Energy (newly created ministry)
- Jurgis Vilemas, Chairman of the Institute Council, Lithuanian Energy Institute (often advises the government on NPPs)

16. VATESI is Lithuania's nuclear regulatory authority. Its enforcement and inspection powers include setting and ensuring adherence to national nuclear safety standards and it can suspend operation of the INPP. VATESI issues licenses

for operating nuclear installations and assesses their safety. VATESI presently employs 65 people, and plans to increase this to 74 by the end of January 2009.

¶17. Lithuania is a member of the following international agreements and conventions related to the safe use of nuclear energy; there is no domestic nuclear liability law in Lithuania:

- 1963 Vienna Convention on Civil Liability in the Field of Nuclear Energy
- 1988 Joint Protocol Relating to the Application of the Vienna Convention and Paris Convention
- 1968 Convention on the Early Notification of a Nuclear Accident
- 1968 Treaty on the Non-Proliferation of Nuclear Weapons
- 1994 Convention on Nuclear Safety
- Convention on the Physical Protection of Nuclear Material
- Comprehensive Nuclear Test Ban Treaty
- Convention on Assistance in Case of Nuclear Accident or Radiological Emergency
- Preliminary agreement with the United States Nuclear Regulatory Commission (NRC)

¶18. The manufacturing base of Lithuania is presently not involved in nuclear-related products and services. U.S. nuclear plant producers have said that for other than selected components such as a reactor pressure vessel, Lithuanian industry could contribute to the construction of a

plant. VAE officials say that Lithuanian industry could contribute in the areas of construction, instrumentation, and control for a new NPP.

¶19. Lithuania has a number of qualified operators of the present RBMK nuclear power plant. There is a significant engineering, technician, and construction base in Lithuania that could be readily converted into a nuclear workforce. Vilnius University's Faculty of Physics started a new bachelor's program in September 2008 in nuclear reactor physics. It presently has 32 students. In addition, Kaunas Technological University has had a nuclear engineering program since 1978. From 1995 through 2007, this program produced 130 nuclear engineering graduates.

#### Opportunities for U.S. Industry

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¶10. Visagino Atomine Elektrine (VAE), a subdivision of LEO LT, plans to begin the tendering process for a replacement for the INPP in late 2010. The tender selection process has not been announced, however, but the environmental impact assessment and more information about the project can be found at <http://vae.lt.en>. GE and Westinghouse have expressed interest in bidding.

¶11. VAE is interested in speaking with U.S. NPP operators. Plant construction management, reactor sales, fuel cycle service provision, plant operations, waste management, and logistics all might be opportunities for U.S. firms.

¶12. The primary companies involved in Lithuania's civil nuclear sector are:

- LEO LT: the national energy holding company of Lithuania. This firm is 61.7 percent owned by the GOL with the remaining 38.3 percent owned by VST, a private firm. [www.leolt.lt](http://www.leolt.lt)
- Visagino Atomine Elektrine (VAE): A subdivision of LEO, responsible for planning and likely constructing the new NPP. <http://vae.lt.en>
- Ignalinos Atomine Elektrine: An independent firm operating the Ignalina Nuclear Power Plant (INPP), presently producing electricity but will shut down on Dec. 31, 2009. This firm has no influence on the construction of the new NPP, Visaginas, but the INPP might present decommissioning business opportunities for U.S. firms. [www.iae.lt](http://www.iae.lt)

## Foreign Competitors

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¶13. There are other nuclear supplier countries engaging Lithuania. The Environmental Impact Assessment (EIA) for the new NPP states that the following firms' reactors are being considered.

- Atomic Energy of Canada Limited (Canada) Enhanced CANDU-6, ACR-1000
- Atomstroyexport (Russia) V-392, V-448
- Areva (France) EPR, SWR-1000
- GE-Hitachi (U.S./Japan) ABWR, ESBWR
- Mitsubishi Heavy Industries (Japan) APWR
- Westinghouse-Toshiba (U.S./Japanese) AP-600, AP-1000

¶14. Lithuanian officials are disinclined to choose a reactor design of Russian origin for the new plant. Article 8, paragraph 6 of the Lithuanian Law on the New Nuclear Power Plant says that "when selecting participants in the implementation of the project of the nuclear power plant, the criteria of European and Trans-Atlantic integration would be applied." Lithuanians are largely pro-American, and GOL officials have shown great interest in the American companies' designs. Areva has been quite active here, however, and former PM Gediminas Kirkilas and former Economy Minister Vytas Navickas visited Areva's headquarters November 13-15, 2007.

¶15. In 2007, Lithuanian Economy Minister Navickas and French Ecology Minister Jean-Louis Borloo signed an agreement on cooperation in the field of energy that includes clean energy, closer business relations and cooperation between scientific societies. In 1994, the GOL signed an agreement with Canada on cooperation in the field of nuclear energy that was annulled and replaced with Canada's agreement with the EU, when Lithuania acceded to the European Union in 2004.

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